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SENSITIVE

SIPDIS

DEPT PASS TO CONSUMER PRODUCT SAFETY COMMISSION

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SUBJECT: TAINTED TEA AND DILUTED DIESEL: CONSUMER PROTECTION OFFERS SCOPE FOR COOPERATION

**¶11.** (U) Summary: The concept of consumer protection in India is often little more than "buyer beware," but there are private and public efforts afoot to create a more helpful climate for consumers. The Government of India (GOI) is considering a new Consumer Protection Act, crafted similarly to U.S. laws for consumer safety, and the November visit of Consumer Product Safety Commission Nancy Nord helped raise awareness of the issue. Current efforts to enforce consumer product safety in the state of Tamil Nadu have occasional successes, but a lack of resources hinders government officials from maintaining a strict enforcement regime. As much as half the tea sold in the state may be purposefully tainted by dyes and ground nutshells, and diesel fuel is often adulterated with subsidized kerosene. Significant potential may exist for USG agencies like the Consumer Product Safety Commission (CPSC) to work with Indian counterparts -- particularly at the state level -- to improve consumer safety standards in India. End Summary.

CPSC visits Chennai

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**¶12.** (U) CPSC Commissioner Nancy Nord visited Chennai in November, mainly to meet with shoe manufacturers to explain changes to U.S. regulations affecting that industry. She also met with some consumer protection groups, hearing about their concerns for product safety in India, particularly relating to food and adulterated diesel fuel. Subsequent discussions Consulate General Chennai has had with local government officials suggest that the general subject of consumer protection might be an area where USG experience may be helpful to state-level officials in India.

Tainted tea

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**¶13.** (U) South Indians love their tea, generally brewed with lots of milk and generous amounts of sugar. Much of this tea, however, may be tainted with dyes, other chemicals, and crushed nutshells. A consumer advocate told Commissioner Nord that approximately half of the loose-leaf tea sold in Tamil Nadu is mixed with crushed cashew shells, which can cause adverse health problems for some people. He also noted that foods products like spices and ground lentils are also often contaminated with foreign substances, emphasizing that it is often the poorest -- and therefore most price-sensitive -- consumers who often end up suffering the most from these adulterated products.

**¶14.** (SBU) K. Rajaraman, who, as the Commissioner of Civil Supplies and Consumer Protection, serves as Tamil Nadu's top consumer protection official, concurred with the 50 percent estimate for adulterated tea in Tamil Nadu. He told us that the problem is most acute among the tea sold to and used by "tea wallahs," the vendors who sell tea on the streets, often from the backs of bicycles or carts. He said that consumers tend to believe dark-colored tea is stronger and of higher quality, so many tea purveyors adulterate tea

with dyes and other chemicals to make the brewed tea darker. He also said that even the tea wallahs selling tea on the grounds of the government building that houses his office were selling adulterated tea when he first took office, but they cleaned up their act after his inspectors tested their product.

¶ 15. (SBU) Enforcing rules against tainted tea and other products is a challenge, but efforts continue. The consumer advocate told Commissioner Nord that his organization has helped train approximately 1700 rural women to use food testing kits. Rajaraman said that his office only has 3 or 4 inspectors per district (with populations of approximately 1-2 million), and that they do not have the resources to enforce the rules as rigorously as he would like. He showed us several boxes of tea seized by his inspectors and the police and told us that a major raid in November had seized 50 metric tons (approximately 110,000 pounds) of adulterated tea from one site in central Tamil Nadu.

Adulteration of fuels also a problem

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¶ 16. (U) The government subsidizes kerosene heavily for poor consumers, intending it to be used to power generators and other applications. This subsidy encourages malefactors to use subsidized kerosene to adulterate (more expensive) diesel fuel, a practice that is apparently rampant. The Consumer Association of India (CAI) reports on its website that 45 percent of the government subsidized kerosene meant to be used as a power source for rural villages without electricity is diverted and mixed with diesel fuel to increase profits. In a random sample of diesel fuel at 21 filling stations in Tamil Nadu, a study conducted by a consumer protection organization and the Indian Institute of Technology Madras, found

CHENNAI 00000363 002 OF 002

every sample to contain diesel adulterated with kerosene.

¶ 17. (SBU) Rajaraman noted that this is a serious problem with important environmental consequences (diesel engines do not work as efficiently and produce dirtier emissions with kerosene-contaminated fuel). He said that his department has also been working on this problem. He told us that his inspectors conduct spot checks on tanker trucks and are authorized to seize them if they find kerosene in their tanks, noting that his department seized 50-60 tankers in October, which was "fairly normal." He added that the adulteration tends to occur at the retail level at filling stations, and not earlier in the production/wholesale chain.

¶ 18. (U) R. Desikan, CAI Trustee, told us that the United States-Asia Environmental Partnership (USAEP) and California Air Resources Board, in collaboration with the Tamil Nadu Government and the Tamil Nadu Pollution Control Board, have established a fuel testing laboratory to test for adulterated fuel. According to its website, USAEP considers the participation of non-state actors important for transparency and to ensure that results are distributed publicly.

Small efforts to target a big problem

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¶ 19. (U) To create better and more aware consumers, the Government of Tamil Nadu provides some funds for "consumer clubs" in colleges and schools, according to Rajaraman, which meet monthly to discuss consumer-related issues. The state government also supports annual festivals in each district that promote consumer awareness, and conducts some training in rural areas and villages. Rajaraman told us that his office conducts some 900 outreach programs to villages in the state.

¶ 10. (U) Private groups are also active in Tamil Nadu, but generally operate on a small scale. One activist who met with Commissioner Nord explained how his group sends volunteers to rural area to run consumer awareness programs. He said that one of the main focus points for his group is teaching people how to use India's Right to Information Act to further consumer protection, by, for example, requesting copies of communications between ministries about possibly dangerous products or obtaining government notifications that were not widely disseminated.

Comment

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¶11. (SBU) Although generally seen as one of India's more capably run states, Tamil Nadu still faces a host of difficult challenges typical of a developing country, and the subject of consumer does not appear to be among the state government's most pressing concerns. That said, it might offer opportunities for public or private consumer groups from the United States to engage with Indians working on the subject. It may also offer an excellent opportunity for us to engage with state-level officials, many of whom would be receptive to exchange programs or visits from U.S. state or federal government authorities to discuss the subject. End Comment.

¶12. (U) Commissioner Nord did not have the opportunity to clear this report.

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